APPENDIX 8-H.

(See Chapter 15-A, Article 259-I.)

General principles applicable to contracts involving expenditure from the Central Revenues.

The following fundamental principles for the guidance of authorities who have to enter into contracts or agreements have been laid down by the Governor General in Council :—

(1) The terms of a contract must be precise and definite, and there must be no room for ambiguity or mis-construction therein.

(2) As far as possible, legal and financial advice should be taken in the drafting of contracts and before they are finally entered into.

(3) Standard forms of contracts should be adopted wherever possible, the terms to be subject to adequate prior scrutiny.

(4) The terms of a contract once entered into should not be materially varied without the previous consent of the competent financial authority.

(5) No contract involving an uncertain or indefinite liability or any condition of an unusual character should be entered into without the previous consent of the competent financial authority.

(6) Whenever practicable and advantageous, contracts should be placed only after tenders have been openly invited, and in cases where the lowest tender is not accepted, reasons should be recorded.

(7) In selecting the tender to be accepted the financial status of the individuals and firms tendering must be taken into consideration in addition to all other relevant factors.

(8) Even in cases where a formal written contract is not made, no order for supplies, etc., should be placed without at the least a written agreement as to price.

(9) Provision must be made in contracts for safeguarding Government property entrusted to a contractor.

(10) The Auditor General and under his direction, other audit authorities have power to examine contracts, and to bring before the Public Accounts Committee any cases where competitive tenders have not been sought, or where high tenders have been accepted, or where other irregularities in procedure have come to light.

These principles will apply to all contracts involving expenditure from central revenues, and should be carefully observed by all officers who have to enter into such contracts on behalf of Government.